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Control No. 1998
EIC-M-99
15 May 1963

ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting Held in
Room 4 F 31, CIA Headquarters Building

1000 hours, 15 May 1963

PRESENT:

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Dr. Otto E. Guthe, CIA, Chairman

[REDACTED] CIA, Vice Chairman

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Morris H. Crawford, Department of State

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[REDACTED] Defense Intelligence Agency

[REDACTED] National Security Agency

NSA

*Lawrence E. Brice, Department of the Navy

Jerome Forrest, Agency for International Development

Eugene T. Olson, Department of Agriculture

Fred Pirhalla, Department of Commerce

Dr. Edward R. Van Sant, Office of the Assistant Secretary of Defense,

International Security Affairs

William C. Andrews, Department of the Army

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*Major James O. O'Neal, Department of the Air Force

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[REDACTED] CIA

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[REDACTED] CIA, Executive Secretary

INTRODUCTIONS:

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The Chairman introduced [REDACTED] Executive Secretary of the EIC; Mr. Brice and Mr. Pirhalla, Departments of the Navy and Commerce, who were representing their departments in the absence of the regular EIC members; and welcomed Mr. Andrews and Major O'Neal, Departments of the Army and Air Force, who were attending as observers.

* Present for part of meeting.

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GROUP 1
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15 May 1963APPROVAL OF MINUTES:

The minutes of the EIC meeting of 12 February 1963 (EIC-M-98) were approved.

ANNOUNCEMENTS:Membership

25X1X4 The Chairman announced that the EIC Secretariat had received Defense Intelligence Agency nominations for membership on the Subcommittees and Working Groups of the EIC. He reported that the Departments of the Army and Air Force had notified USIB that due to personnel reassignment and transfer of functions to DIA they would not, for the present, have designated representatives on the EIC. The Chairman stated, however, that both the Departments of the Army and Air Force are retaining membership on [REDACTED]

EIC-SR5-S3, "Population of the Countries of the Sino-Soviet Bloc and of Cuba and Yugoslavia, Selected Years, 1938-80"

The Chairman announced that the annual revision of "Population of the Countries of the Sino-Soviet Bloc, Selected Years, 1938-80" prepared by the Subcommittee on Population and Manpower is presently in reproduction and will be disseminated during this month. The Chairman stated that, with his concurrence, the Subcommittee had included Cuba and Yugoslavia this year because they are regarded as among the Communist countries. Members agreed that the report be released [REDACTED]

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Disposition of the Department of State Request for an Annual Study on Soviet Foreign Trade

The Chairman noted that the CIA had explored the possibilities for producing an annual study on Soviet foreign trade and that there had been discussions on the subject between the Departments of State and Commerce and the CIA. An agreed outline had been prepared for concurrence of the Committee and a proposal for producing the report had been made.

The initial study would be entitled "Soviet Foreign Trade in 1962" with a publication date within 2 months after the receipt of the Soviet trade handbook in Washington. The CIA would produce the report indicating in

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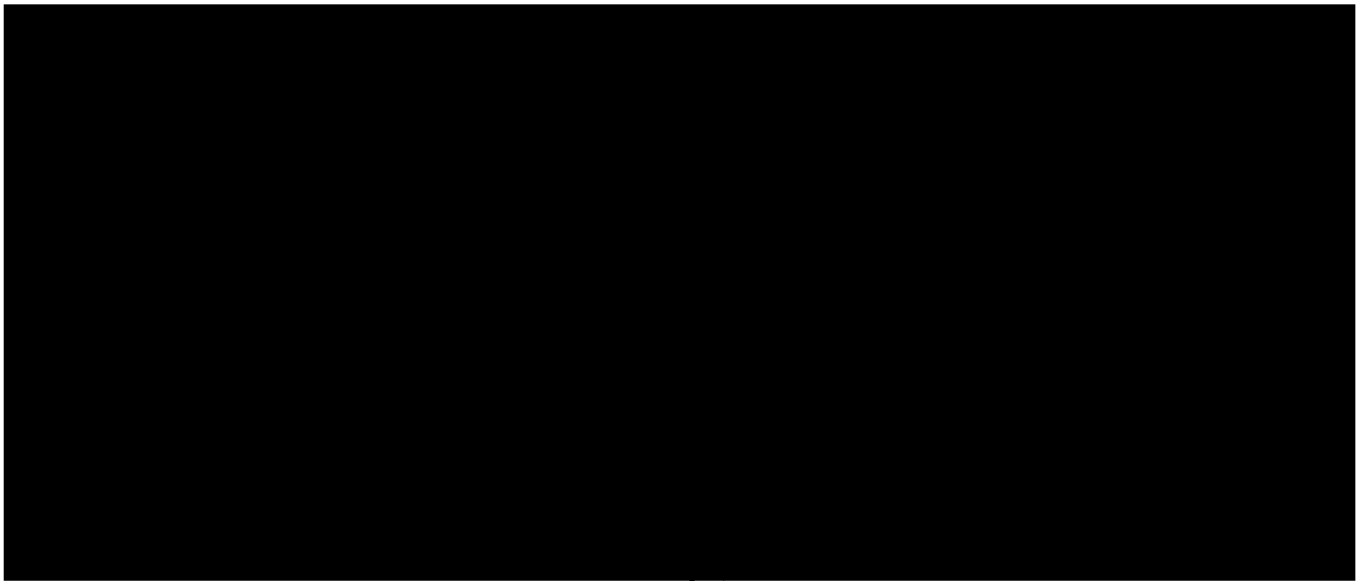
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the Foreword that the study had been prepared in response to the expressed needs of the intelligence community as stated by their representatives on the EIC and that the report represented an agreed statement of contents. CIA reporting on balance of payments would be undertaken in close collaboration with the Department of State, with acknowledgment of such assistance included in the Foreword. Similarly, the CIA would work closely with the Department of Commerce to insure that their views on specific content receive full consideration, with acknowledgment included in the Foreword. Prior to publication, drafts would be submitted to representatives of these departments for review and comment so that the results of these reviews, to the extent possible, would be included in the final revision.

It was the view of the members that this procedure would be satisfactory and the Chairman stated the CIA would proceed along these lines with the concurrence of the EIC.

EIC Review of External Research Projects

The Chairman pointed out that EIC review of Government-sponsored external economic research projects on foreign areas, involving more than \$5,000, in accordance with DCID 3/1, has been very limited. He stated that the Department of State External Research Staff inventory on Government-Sponsored Research on Foreign Areas listed several studies which appeared to fall within the area of the EIC's responsibility and possibly should have been submitted for review. He suggested that the EIC Secretariat continue to investigate this matter and asked maximum assistance by the members in trying to meet the EIC commitment to USIB in this regard.

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15 May 1963FUTURE REPORTING ON THE EIC-R16 SERIES, "A SUMMARY OF THE
INTERNATIONAL TRADE AND TRANSPORT OF COMMUNIST CHINA":

Members were asked to consider a proposal that the transportation section of this report be discontinued in 1964, that the title of the series be modified to reflect the elimination of the transport section, and that the trade study be given a due date of September beginning next year.

The Chairman noted that ONI and CIA had been chiefly involved in the production of the transport section of the report under the auspices of the EIC Subcommittee on Transportation. He felt that perhaps too much time is being spent on a subject which has not in the recent past been particularly significant and on which there has not really been any major disagreement within the community. The Chairman suggested that this section of the report might be deleted, or at a minimum include only the significant aspects of shipping. Comments were invited and discussion followed.

The Department of the Navy representative stated that ONI considers the report to be of invaluable assistance in its present form and believes that the series should be continued. The ONI position is based on the following: (1) shipping is particularly significant because of the great dependence of Communist China's foreign trade upon charter of Free World shipping; (2) a community-agreed analysis of it is highly desirable; (3) ONI expends a large number of man-hours in compiling this data and considers the R-16 series a well-established means of utilizing and disseminating the intelligence resulting from this effort.

The Vice Chairman suggested that alternative methods of reporting be considered. He suggested that, since the major interest in the transport section is with ONI, they might continue to prepare annual reports on Chinese shipping as departmental intelligence. To the extent warranted, significant shipping developments in the ONI report could be submitted as a contribution to the EIC trade report. The ONI representative agreed to report to the Chairman of the EIC on the acceptability to ONI of these proposals.

It was the consensus of the members that the advantage of having an estimate in hand at an early date would outweigh any disadvantage resulting from lack of more complete data available for use in a September issuance. It was agreed, that in the interests of the consumers, the time schedule should not be changed.

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15 May 1963GUIDANCE TO THE EIC WORKING GROUP ON SINO-SOVIET BLOC
ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

Guidelines for selection and content of the country sections for semi-annual reporting, which had been disseminated to members prior to the meeting, were reviewed and approved. It was proposed and agreed, that in the future, the Working Group would be given the opportunity to review in advance and comment on the State-CIA selection of countries to be covered and on the outlines for their coverage in the semiannual reports before the preparation of a draft for EIC approval.

The members agreed to a rewording of paragraph 2 of the Foreword as follows:

".... This report was prepared by the Department of State and the Central Intelligence Agency. The draft was reviewed and coordinated by a Working Group of the Economic Intelligence Committee, including representatives of the Department of State; the Defense Intelligence Agency; the Departments of Commerce and Agriculture; the Agency for International Development; the Office of the Secretary of Defense; the National Security Agency; and the Central Intelligence Agency. The final report was approved by the Economic Intelligence Committee on ____."

Members agreed to the revised wording of paragraph 3 of the Foreword as follows:

"For the purposes of this report, the term underdeveloped areas includes the following countries of the Free World: (1) all countries in Latin America (not including Cuba); (2) all countries in the Middle East, including Cyprus, Greece, the Syrian Arab Republic, Turkey, and the United Arab Republic (Egypt); (3) all countries in Africa except the Republic of South Africa; (4) all countries in South and Southeast Asia; and (5) Iceland, Portugal, and Spain."

The Department of State representative recalled that consideration had been given to producing a full report at mid-year and an abbreviated report at the year's end. It was the view of the members that, in advance of the semiannual report for the last half of 1963, they discuss this question further to arrive at a decision.

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"SURVEY LISTING OF INTERNAL AND EXTERNAL ECONOMIC RESEARCH
PROJECTS ON THE SINO-SOVIET BLOC AND ON SELECTED NON-BLOC
AREAS":

EIC members were asked to ascertain whether continuation of the survey listing was justified in view of the fact that it did duplicate in large measure other listings, particularly the quarterly and annual inventories of Government-Sponsored Research on Foreign Areas, prepared by the External Research Staff, INR, Department of State, and the Intelligence Publications Index, prepared by the Office of Central Reference, CIA.

It was the consensus of members that this duplication is not justified and that the annual survey listing be discontinued.


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Executive Secretary


SECRETARY'S NOTES:

EIC members approved, by telephone interim action on the date indicated, release of the following documents:

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On 20 February 1963, Vulnerability of the East German Economy to Western Countermeasures (EIC-R-18 and EIC-R18-S2) to the  through the Department of the Army.

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On 21 February 1963, Semiannual Reports on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas (EIC-R14 Series) starting EIC-R14-S12,  through the Department of the Army.

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On 22 April 1963, Telecommunications Facilities in the Sino-Soviet Bloc (EIC-SR-4) 

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